

April 16, 2007

Merger of Sirius and XM Satellite Radio Companies

I support the merger of Sirius and XM satellite radio companies. There is no doubt competition from various sources has increased since the 2 licenses were granted 10 years ago. Aside from terrestrial radio, which was acknowledged as competition when the licenses were granted, we now have ipods/mp3 players, internet radio, Wifi, HD radio, and music/sports/news on cell phones, with more coming. Just recently we've seen the announcement of a device called Slacker that will offer a combination of mp3/wifi/internet radio/satellite radio in one device. HD radio just announced a new technology it will be incorporating into radio "by the holidays" that will enable terrestrial HD radio to charge fees for its services.

Of course there are those that say satellite radio is unique and therefore none of these other devices/services compete directly with satellite radio. Can that argument be taken seriously? There really isn't any question that people young and old every day are making a choice as to whether to buy an Ipod or internet radio or satellite radio or just stay with free AM/FM – isn't that the definition of competition. Everyone has different needs and economic means, and depending on their personal situation will make a different choice based on their needs/means. To narrowly define the market around a technology rather than the services provided by that technology would be wrong.

There also can be no question that the competition from these other audio services will keep prices for satellite radio in check post merger. Can satellite radio really attract more listeners if they increase prices without care when anyone can buy an Ipod and download virtually free 4 GB of music and other content (ask your teenage kids or your neighbor) – or continue listening to free AM/FM – or pay a small fee to get baseball over your cell phone? Satellite radio isn't a necessity, it's a luxury and shouldn't be subject to the same concerns as one would have with a public utility, as terrestrial radio (free to everyone) or a telecom company merger.

As to the public benefit, many will be happy to finally see the ability to get the larger variety of content available from both Sirius and XM on one device. I personally look forward to the availability of interoperable receivers that will eventually expand the bandwidth available to offer even more service with the combined entity.

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